

DOVES of Big Bear Valley, Inc.

Audited Financial Statements

For the Years Ended June 30, 2008 and 2007

DATE RECEIVED:



AUDIT REVIEW #(s) 04350

Assigned To: In

Date Reviewed: 12/24/08

Reviewer's Initials: CJR

Date Review(s) Completed: 12/24/08

DOVES of Big Bear Valley, Inc.

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Sheri Raborn
Certified Public Accountant

Independent Auditor's Report

To the Board of Directors
DOVES of Big Bear Valley, Inc.
Big Bear Lake, California

I have audited the accompanying statement of financial position of DOVES of Big Bear Valley, Inc. (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year comparative information has been derived from DOVES of Big Bear Valley, Inc.'s 2007 financial statements and, in my report dated October 13, 2007, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DOVES of Big Bear Valley, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 11, 2008, on my consideration of DOVES of Big Bear Valley, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Sheri Raborn, CPA
Highland, California
November 11, 2008

DOVES of Big Bear Valley, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2008 and 2007

ASSETS	June 30, 2008	June 30, 2007
Cash and cash equivalents	\$ 10,717	4,464
Grants and other receivables (Note 2)	134,826	176,708
Pledges receivable	20,800	9,017
Prepaid expenses and other assets	5,107	6,676
Total current assets	171,450	196,865
Property and equipment, net (Note 3)	277,892	292,813
Total assets	449,342	489,678
LIABILITIES AND NET ASSETS		
Accounts payable	6,570	5,035
Salaries and other accrued liabilities	4,810	7,481
Line of credit (Note 4)	60,746	50,000
Note payable, current (Note 5)	6,918	6,407
Total current liabilities	79,044	68,923
Note payable, less current (Note 5)	34,431	41,353
Total liabilities	113,475	110,276
Commitments (Note 6)		
Unrestricted	332,616	376,150
Temporarily restricted (Note 7)	3,252	3,252
Total net assets	335,868	379,402
Total liabilities and net assets	\$ 449,342	489,678

DOVES of Big Bear Valley, Inc.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2008 and 2007

	June 30, 2008	June 30, 2007
Unrestricted Net Assets:		
Revenue and other support:		
Grants and reimbursement contracts	\$ 612,449	611,732
Contributions	20,619	22,533
Contributed services	12,625	22,378
Fundraising	113,207	139,214
Interest and other income	5,789	6,548
Released from restrictions	-	-
Total revenue and other support	<u>764,689</u>	<u>802,405</u>
Expenses:		
Program services	698,678	696,106
Support services	89,051	81,286
Fundraising	20,494	34,728
Total expenses	<u>808,223</u>	<u>812,120</u>
Increase (decrease) in unrestricted net assets	(43,534)	(9,715)
Unrestricted net assets, beginning of year	<u>376,150</u>	<u>385,865</u>
Unrestricted net assets, end of year	<u>332,616</u>	<u>376,150</u>
Temporarily restricted net assets:		
Contributions	-	-
Released from restrictions	-	-
Increase (decrease) in temporarily restricted net assets	-	-
Temporarily restricted net assets, beginning of year	<u>3,252</u>	<u>3,252</u>
Temporarily restricted net assets, end of year	<u>\$ 3,252</u>	<u>3,252</u>

DOVES of Big Bear Valley, Inc.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2008 and 2007

	June 30, 2008	June 30, 2007
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (43,534)	(9,715)
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation	14,921	11,953
Change in grants and contracts receivable	41,883	(46,697)
Change in pledges receivable	(11,783)	(9,017)
Change in prepaid expenses and deposits	1,569	(1,285)
Change in current liabilities	(1,137)	(2,855)
Net cash provided (used) by operating activities	1,919	(57,616)
Cash flows from investing activities:		
Loss on disposal of property and equipment	-	(4,773)
Net cash used by investing activities	-	(4,773)
Cash flows from financing activities:		
Line of credit borrowings	132,600	64,734
Line of credit repayments	(121,854)	(14,734)
Repayment on note payable	(6,412)	(5,932)
Net cash provided (used) by financing activities	4,334	44,068
Net increase (decrease) in cash	6,253	(18,321)
Cash, beginning of year	4,464	22,785
Cash, end of year	\$ 10,717	4,464
<u>Supplemental Disclosure of Cash Flows Information:</u>		
Cash paid for interest	\$ 10,698	5,090
Cash paid for income taxes	-	-

DOVES of Big Bear Valley, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008

	Program Services			Support Services			2008 Total
	Shelter	Big Bear Outreach	RIM Outreach	Admin. & General	Fund Raising		
Salaries and related expenses:							
Salaries, wages and benefits	\$ 276,426	151,308	87,037	43,469	-		558,240
Total salaries and related expenses	276,426	151,308	87,037	43,469	-		558,240
Operating expenses:							
Depreciation	10,689	1,039	3,193	-	-		14,921
Education and training	1,531	1,943	443	3,982	-		7,899
Insurance	6,092	2,509	1,012	2,635	-		12,248
Interest	3,556	5	-	7,137	-		10,698
Professional fees	8,692	5,956	3,707	4,267	-		22,622
Promotion and advertising	200	1,713	2,030	269	399		4,611
Rent	-	40,875	18,302	-	2,300		61,477
Repairs and maintenance	6,436	1,018	4,019	243	-		11,716
Supplies and office expense	3,750	5,594	2,874	12,681	8,292		33,191
Telephone and utilities	11,227	10,231	3,593	1,601	-		26,652
Transportation, meals and supplies	16,941	206	270	141	9,503		27,061
Other	4,261	-	-	12,626	-		16,887
Total operating expenses	73,375	71,089	39,443	45,582	20,494		249,983
Total expenses	\$ 349,801	222,397	126,480	89,051	20,494		808,223

See accompanying notes to financial statements.

DOVES of Big Bear Valley, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2007

	Program Services				Support Services			2007 Total
	Shelter	Big Bear Outreach	RIM Outreach	Total	Admin. & General	Fund Raising		
Salaries and related expenses:								
Salaries, wages and benefits	\$ 247,197	158,896	72,916	479,009	41,006	-		520,015
Total salaries and related expenses	247,197	158,896	72,916	479,009	41,006	-		520,015
Operating expenses:								
Depreciation	10,689	1,039	1,903	13,631	-	-		13,631
Education and training	1,180	8,385	3,005	12,570	10,109	-		22,679
Insurance	6,909	2,668	999	10,576	2,307	-		12,883
Interest	3,955	-	-	3,955	1,135	-		5,090
Professional fees	10,945	3,182	1,368	15,495	8,630	-		24,125
Promotion and advertising	-	1,658	1,251	2,909	1,420	2,519		4,348
Rent	-	34,585	14,439	49,024	1,321	2,300		52,645
Repairs and maintenance	11,709	251	4,043	16,003	411	-		16,414
Supplies and office expense	4,213	6,533	3,988	16,234	13,855	24,251		56,840
Telephone and utilities	9,907	9,305	4,739	23,951	817	-		24,768
Transportation, meals and supplies	16,141	521	199	16,861	275	5,658		22,794
Other	26,377	9,511	1,500	35,888	-	-		35,888
Total operating expenses	102,025	77,638	37,434	217,097	40,280	34,728		292,105
Total expenses	\$ 349,222	236,534	110,350	696,106	81,286	34,728		812,120

See accompanying notes to financial statements.

DOVES of Big Bear Valley, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

DOVES of Big Bear Valley, Inc. is a California nonprofit organization whose mission, as a service agency, is to eliminate family violence through effective education, prevention and treatment programs. The Organization operates a 24-hour, 7-day per week crisis hotline serving the San Bernardino mountain communities in addition to a 17-bed shelter exclusively for battered women and their children.

The Organization operates two outreach centers located in Big Bear Lake and Blue Jay. In addition, to providing counseling and assistance for family members impacted by domestic violence, but do not require shelter, each outreach center provides individual and group counseling, social services advocacy, food, clothing, transportation, supervised visitation programs as well as legal assistance and advocacy. Free educational seminars and violence prevention programs hosted by the Organization's staff are offered to the public as well.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. In the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

Under Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations", DOVES of Big Bear Valley, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

Revenue Recognition

Revenue from cost reimbursable grants is recorded to the extent of expenses incurred applicable to the grant. Any difference between expenses incurred and the total funds received (not to exceed the grant maximum award) is recorded as a receivable or an advance, whichever is applicable. Revenue from grants is recognized on an accrual basis as earned according to the provisions of the grant. Revenue from program services rendered is recorded when earned.

DOVES of Big Bear Valley, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES, Continued

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the absence or existence of donor imposed restrictions.

Contributions

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made", contributions received are recognized in the period received. In addition, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the absence or existence of donor imposed restrictions.

Contributed Services

Donated services estimated in the amount of \$12,625 for the year ended June 30, 2008 were received. The services were donated to DOVES of Big Bear Valley, Inc. by volunteers working in various areas of the Organization. Contribution of services received, that are measurable, are valued at their estimated fair market value and are recorded as revenue when received.

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

DOVES of Big Bear Valley, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES, Continued

June 30, 2007 Financial Information

Certain accounts in the prior year financial statements may have been reclassified for comparative purposes to conform to the presentation of the current year's financial statements.

Cash and Cash Equivalents

Cash consists primarily of interest and non-interest bearing bank accounts. For the year ended June 30, 2008, there are no cash equivalents to be reflected in the financial statements.

Property and Equipment

Property and equipment purchases in excess of \$1,000 are capitalized. Property and equipment are recorded at cost, except for donated equipment, which is recorded at the fair market value at the date of donation. Depreciation expense is computed on a straight-line basis over the estimated useful lives of the assets, which range between 5 and 30 years. In the event of termination or separation of certain grant agreements, equipment purchased in whole or in part with certain grant funds may have to be returned to the funding source.

Income Taxes

DOVES of Big Bear Valley, Inc. is a not-for-profit corporation exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

DOVES of Big Bear Valley, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 2 – GRANTS RECEIVABLE

Grants receivable are deemed to be fully collectible by management and are composed of the following:

	<u>2008</u>	<u>2007</u>
State of California - Maternal and Child Health Program	\$ 55,332	55,332
State of California - OES	49,447	71,927
County of San Bernardino - Presley	9,193	15,979
County of San Bernardino - CDBG	6,000	2,721
County of San Bernardino - CalWorks	14,854	30,749
Total	<u>\$ 134,826</u>	<u>176,708</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment are composed of the following:

	<u>2008</u>	<u>2007</u>
Land	\$ 32,473	32,473
Building and improvements	352,223	352,223
Total	384,696	384,696
Less: accumulated depreciation	(106,804)	(91,883)
Property and equipment, net	<u>\$ 277,892</u>	<u>292,813</u>

Depreciation expense for the years ended June 30, 2008 and 2007 was \$14,921 and \$13,631, respectively.

NOTE 4 – LINE OF CREDIT

DOVES of Big Bear Valley, Inc. has a \$100,000 unsecured line of credit with First Mountain Bank as of June 30, 2008. The credit line can be drawn upon as needed, with a variable interest rate of 9.25% as of June 30, 2008. The line of credit matures on December 4, 2008. The outstanding balance as of June 30, 2008 and 2007 was \$60,746 and \$50,000, respectively.

DOVES of Big Bear Valley, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 5 – NOTES PAYABLE

Note payable, bearing interest at 7.75% per annum, payable in monthly installments of \$824, including interest, secured by a first deed of trust on property with a net book value of \$279,099, maturing June 2014.

	<u>2008</u>	<u>2007</u>
	\$ 41,349	47,760
Total	41,349	47,760
Less: current portion	<u>(6,918)</u>	<u>(6,407)</u>
Noncurrent portion	\$ <u>34,431</u>	<u>41,353</u>

The following represents the future principal reductions for each of the next five years ending June 30:

<u>Year</u>	
2009	\$ 6,918
2010	7,478
2011	8,078
2012	8,727
2013	9,428
2014 and thereafter	<u>720</u>
Total	\$ <u>41,349</u>

NOTE 6 – COMMITMENTS

As of June 30, 2008, DOVES of Big Bear Valley, Inc. entered into various noncancelable operating lease agreements for the rental of office facilities and equipment. Future minimum payments on noncancelable leases are as follows for the year ending June 30:

2009	\$ 25,087
2010	5,736
2011	5,736
2012	5,736
2013	<u>4,302</u>
Total	\$ <u>46,597</u>

Rent expense on noncancelable leases for the years ended June 30, 2008 and 2007, was \$60,219 and \$55,028, respectively.

DOVES of Big Bear Valley, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are composed of the following:

	2008	2007
Hurricane Katrina Fund	\$ 1,254	1,254
Joyce Antes Memorial Fund	1,288	1,288
Trisha Davis Scholarship	710	710
	<u>\$ 3,252</u>	<u>3,252</u>

NOTE 8 – RETIREMENT PLAN

Employees with ninety (90) days of service become eligible to participate in an employee-funded tax-sheltered annuity plan under code section 403(b) of the Internal Revenue Code. The plan is administered by an independent third-party administrator.

NOTE 9 – CONTINGENCIES ON RESTRICTED FUNDS

The Organization receives funds from federal, state and local governmental agencies and nonprofit organizations in the form of grants and reimbursement contracts. The disbursement of these funds generally requires compliance with terms and conditions specified in the grant or contract agreement and are subject to audit by the granting agency. Such audits could result in a request for reimbursement by the granting agency for any disallowed expenditures under the terms of the grant or contract. The amount, if any, of expenditures that may be disallowed cannot be determined at this time and DOVES of Big Bear Valley, Inc., expects any amounts will be immaterial.

SUPPLEMENTARY INFORMATION

DOVES of Big Bear Valley, Inc.

OES GRANT EXPENDITURES - DV07 16 1482

For the Years Ended June 30, 2008 and 2007

<u>June 30, 2008:</u>		<u>Program Services</u>			<u>Support Services</u>	<u>Total for 2008</u>
		<u>Shelter</u>	<u>Big Bear Outreach</u>	<u>Rim Outreach</u>	<u>Admin & General</u>	
Grant Revenue	\$					200,070
<u>Expenses:</u>						
Personal services		61,745	28,407	12,418	39,815	142,385
Operating expenses		23,736	15,009	14,467	4,473	57,685
Equipment		-	-	-	-	-
Total expenses	\$	85,481	43,416	26,885	44,288	200,070

<u>June 30, 2007:</u>		<u>Program Services</u>			<u>Support Services</u>	<u>Total for 2007</u>
		<u>Shelter</u>	<u>Big Bear Outreach</u>	<u>Rim Outreach</u>	<u>Admin & General</u>	
Grant Revenue	\$					200,070
<u>Expenses:</u>						
Personal services		71,974	21,529	9,849	49,473	152,825
Operating expenses		15,365	19,389	7,801	4,690	47,245
Equipment		-	-	-	-	-
Total expenses	\$	87,339	40,918	17,650	54,163	200,070

Sheri Raborn
Certified Public Accountant

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
DOVES of Big Bear Valley, Inc.
Big Bear Lake, California

I have audited the financial statements of DOVES of Big Bear Valley, Inc. (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued my report thereon dated November 11, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered DOVES of Big Bear Valley, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DOVES of Big Bear Valley, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

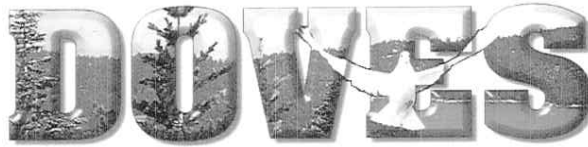
As part of obtaining reasonable assurance about whether DOVES of Big Bear Valley, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance

with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'SRaborn', with a long horizontal flourish extending to the right.

Sheri Raborn, CPA
Highland, California
November 11, 2008



Domestic Violence Education and Services

Serving the Mountain Lakes Region of Southern California



December 12, 2008

~~Lazandra Dial~~ *Stephanie Pedone*
Office of Emergency Services
3650 Schriever Avenue
Mather, CA 95655

Re: DOVES of Big Bear Valley, Inc. Independent Audit FY 2007-2008

Enclosed please find a copy of our annual independent audit for the fiscal year 2007-2008 for your records.

Sincerely,

Janet Anderson
Administrative Assistant